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ABSTRACT

Because today's college administrators must find an acceptable balance between educational desirability, economic feasibility, political expediency, social relevancy, and philosophical defensibility, many have turned to Management by Objectives (MBO), which coordinates management activities with institutional goals. MBO is concerned with the identification of institutional goals, the definition of administrative staff role responsibilities, the establishment of the objectives or necessary conditions for achieving these role responsibilities and institutional goals, and the use of these objectives in operating a college and in measuring each administrator's effectiveness and efficiency. In order for MBO to conform to existing organizational structure and institutional philosophy, a hierarchical approach must be applied, in which objectives are arranged from very broad purpose statements to extremely specific procedural or process objectives. This report analyzes selected aspects of MBO, presents a scheme for implementing a management strategy based on MBO, provides a guide for writing acceptable objectives, and cites some cautions and issues which must be considered in its adoption. Although addressed to community colleges in particular, the concepts discussed here have applicability for higher education in general. (Author/DC)

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Management by Objectives:

An Analysis and Recommendations

For Implementation

by

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TABLE OF CONTENTS

Preface ii

Introduction. 1

A Hierarchical Approach to MBO. 9

Installation of MBO 20

Major Limitations of Management by Objectives 25

Bibliography. 31

PREFACE

The recent interest of institutions of higher education in management by objectives as a viable strategy for improving institutional management effectiveness and efficiency is well documented in the literature. Articles extolling the virtues of management by objectives are accessible to college administrators in great quantity. Announcements of workshops and institutes dealing with this strategy are also available to the consumer.

The major thrust of this paper is to analyze selected aspects of management by objectives, to present a scheme for approaching the installation of a management strategy based upon MBO, and to cite some cautions and issues which must be considered in its adoption. The paper does not attempt to sell MBO as a management strategy. The authors have attempted to provide types of information which will be useful to the busy community college administrator considering the possibility of developing a management program based upon the concepts involved in MBO. Although written for community colleges in particular, the concepts discussed have applicability more broadly in higher education.

The manuscript was prepared by William B. Carpenter, E. Daniel Kapraun, J. Michael Mullen, and James C. Sears, who are doctoral students in administration in the Center for Higher Education at the University of Virginia.

Jay L. Chronister, Director
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INTRODUCTION

The term "accountability", when applied to institutions of higher education, has increasingly become identified with demands for more effective and efficient total operation. It may be assumed that the implications of these demands will continue to shape the actions of educational administrators well into the foreseeable future.

In general, the administrator must find an acceptable balance among five competing and, often, conflicting pressures:

1. What is educationally desirable?
2. What is economically feasible?
3. What is politically expedient?
4. What is socially relevant?
5. What is philosophically defensible?

Thus, demands to increase student learning have been matched by demands that it be done more efficiently in terms of economic and personnel resources. The results oriented, instructional improvement imperatives have been closely followed by an awareness of the need for results oriented management practices.

The phenomenal growth rates and varied clientele of the community colleges has, perhaps, tended to accentuate and increase the visibility of management shortcomings in these institutions. More and more community college administrators are seeking a strategy which coordinates and facilitates the relationship of institutional management activities to institutional goals.

Toward this end, many are adopting Management by Objectives as the technique for identifying and satisfying accountability demands related to improved effectiveness and efficiency.

What is MBO?

Management by Objectives has been defined in various ways since the term was introduced by Peter Drucker in 1954. One of the more lucid descriptions is that of Robert Lahti (1972, p. 43):

> "a continual process whereby superior and subordinate. . . periodically identify. . . common goals, define each individual's major areas of responsibility in terms of results expected of him, and use the agreed-upon measures as guides for operating each department and for assessing the contribution of each."

This is consistent with that offered by Odiorne (1965, p. 55-56):

> "a process whereby the superior and subordinate managers of an organization jointly identify its common goals and define each individual's major areas of responsibility in terms of the results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members."

The only difference between the above statements is the indication of a continual process by Lahti. This aspect of MBO is critical.

A slightly different view is offered by Tosi, Rizzo and Carroll (1970, p. 70):

> "MBO is a process in which members of complex organizations, working in conjunction with one another, identify common goals and coordinate their efforts toward achieving them (emphasis added)."

They also indicate that MBO facilitates the development of specific objectives from general goals or objectives and can be thought of as a formalized action plan.

Analogy with Means-Ends Analysis

Means-ends analysis is a term used to define the process of developing procedures or "means" necessary to accomplish some goal or desired "end". It is basically a systematic process of factoring general goals into specific enabling activities. The three stages in the iterative means-ends analysis are:

1. Start with the general goal desired;
2. Identify a set of means, in very general terms, necessary to accomplish each goal; and
3. Take the specific results of each of these means as sub-goals and identify more specific means for each.

It should be obvious that Ends and Goals or Objectives are being equated in this analogy on the assumption that objectives at one level may constitute an input to the next level or another sector of the organization. It also is based on the fact that objectives, or end-states, are attained by the performance of some act(s). These acts or processes are the means.

Common to both means/ends and MBO are the basic concepts: (a) that the clearer the idea one has of what one is trying to accomplish, the greater the probability of success, and (b) that progress or success can be measured only in terms of the goal or end-state desired (Lahti, 1971, p. 31).

How does Management By Objectives Relate to the Management Function?

The conceptual basis of MBO is considered sound by most students of management since it incorporates the basic principles of the management science and human relations schools of management thought. It assumes that:

1. If an individual receives a carefully defined statement of what is expected of him, the probability of achieving those results is increased; and

2. It includes the best features of self-motivation by allowing individuals to participate in setting their own objectives.

Harry Levinson, of the Harvard Business School, provided the following analysis:

> The intent of clarifying job obligations and measuring performance against a man's own goals seems reasonable enough. The concern for having both superior and subordinate consider the same matters in reviewing the performance of the latter is eminently sensible. The effort to achieve common agreement on what constitutes the subordinate's job is highly desirable (1970, p. 125)

Application of Systems Theory

The examination of systems theories analyses suggest that most organizational activities can be analyzed from the systems theory perspective. If we assume that community colleges are valid situational applications of this theory, the following rationale developed by Harold D. McAninch, President of Joliet Junior College, wherein he identifies inputs, activities,

and outputs of educational institutions can be utilized.

TABLE I

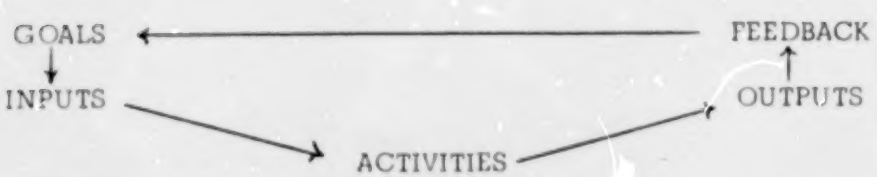
EDUCATIONAL PROCESS SCHEMATIC

INPUTS	ACTIVITIES	OUTPUTS
Students	Teaching	Classes Offered
Teachers	Counseling	Credit Hours Taught
Buildings	Conducting Experiments	Students Graduated
Laboratory Equipment	Planning	Projects Completed
Books	Registration	Services Rendered

(McAninch and Connellan, 1972)

Although in the past there has been an excessive emphasis on inputs and activities, with little advance planning or emphasis given to outputs, the recent financial crisis has caused a drastic revision with considerable attention now being given to output goals which are established in advance and are the basis for organizational planning as well as funding requests. This process may be conceptually pictured as outlined below in Figure 1. This interrelationship between goals, outputs, and inputs outlines in an overly simplistic manner what is involved in institutional accountability.

FIGURE 1



While this simplistic perspective of goals, inputs, activities, outputs, and feedback is rational, it is inaccurate because it does not recognize the hierarchical structure necessary to go from a philosophical or purpose statement to a very specific operational action plan. A graphic presentation of this relationship is shown in Figure 2. The concepts that are intended to be represented are in continuity with organizational purpose and how direction for a lower level operating unit is determined by organizational or divisional goals.

FIGURE 2

Management Defined

Management is the function that deals with getting things done through others. Management is comprehensive and must reflect the fact that organizations are complex social systems that are open rather than closed in nature.

An academic manager or administrator must:

1. Plan his work and set forth objectives;

2. Organize the relevant factors of production (generally students, faculty, facilities, knowledge, and financial resources);

3. Secure qualified personnel;

4. Direct the efforts of his staff; and

5. Control the activities of his staff and students to minimize interruption and interference.

In industrial terminology, these functions are generally identified as planning, organizing, staffing, directing, and controlling.

Relevance of MBO

It is appropriate to examine MBO in terms of how it relates to this management decision-making function. MBO is no different than any other management theory or philosophy in that it must be considered primarily and predominantly as a way of thinking about the task of managing rather than as a process. It is not just a management analysis technique, such as linear programming, and one's perception of it must go far beyond the mechanical procedures involved.

MBO, rather than negating or changing the basic organizational structure, constitutes "a system for making that structure work, and to bring about more vitality and personal involvement of the people in the hierarchy. . . provides for the maintenance and orderly growth of the organization by means of statements of what is expected for everyone involved, and measurement of what is achieved. . . is especially applicable to professional and

managerial employees (Odiorne, 1965, p. 55).

In addition, MBO provides a framework upon which to base performance analysis and evaluation. If properly utilized, it can function as both an evaluative and a counseling mechanism during periodic reviews between superior and subordinate. It can also provide a significant input into salary and promotion decisions since it represents a commonly agreed upon standard for comparison.

A HIERARCHICAL APPROACH TO MBO

In preparing to implement Management by Objectives in a higher education context, and the community college in particular, several organizational considerations must be recognized. Management by Objectives is concerned with identification of institutional goals, the definition of administrative staff role responsibilities, the establishment of objectives or necessary conditions for achieving both role responsibilities and institutional goals, and the use of these objectives in operating a college and measuring each administrator's effectiveness and efficiency. MBO, however, must always be cognizant of the individual organization structure and the unique distribution of functional responsibilities for each key administrator. Consistency with organizational structure and institutional philosophy can be assured only by applying a hierarchical approach to MBO wherein objectives are evolved from very broad purpose statements to extremely specific procedural or process objectives. The purpose of a hierarchical derived MBO system is to provide a clear and concise linkage from the most specific action plan element to an institutionally agreed upon purpose or goal.

The development of this hierarchical structure is based upon the means-ends analogy outlined in a preceding section with an emphasis on refining broad generalities toward specific action oriented objectives. The specific hierarchical structure that is recommended by the writers is outlined below:

HIERARCHICAL STRUCTURE OF OBJECTIVES

Institutional Purpose Statement

Role Responsibilities

Goals

Terminal Objectives

Enabling Objectives

Process Objectives

Thus, we have a continuum of objectives from the most general to the most specific and an immediate test of whether any particular activity is justifiable; that is, does it clearly lead to fulfillment of the preceding level in the structure?

PURPOSE STATEMENT. The purpose statement of the institution must be unambiguous. This statement, which keynotes and justifies all of the activities of the institution, must be general enough to permit flexibility of operation under changing conditions. However, it should also address itself to the reality of existing or future characteristics of the institution. MBO is a rational system of management; unrealistic and/or unattainable purpose statements will necessarily pose difficulties for any management system. Generally, the Board of Trustees, State Coordinating Agencies, and the Chief Executive will establish the institutional purpose and the functional responsibilities of key administrative positions. From

these, the President and his executive administrators will determine further role responsibilities or revisions as necessary.

ROLE RESPONSIBILITIES. Specific statements of role responsibilities must be evolved from the functional assignments of each executive administrator for all administrators within his span of control. These role responsibilities must be clarified, recognized, and agreed upon by the individual administrator and his superior. Above all, all role responsibilities must be consistent with functional responsibilities and derived from the institutional purpose.

Although not consistently available or of the same quality, job descriptions published in faculty manuals or policies and procedures manuals are usually an excellent starting place in the identification of role responsibilities. If an individual's job description does not lend itself to the identification of role responsibilities, then it should be rewritten as necessary. At this stage, each administrator should consider input from his immediate reference group, i.e., one level above, one level below, and all relevant lateral administrators.

GOALS. Institutional purpose statements are generally broad, continuing, and non-specific (but not be ambiguous). They describe the "raison d' êtr̂e" of the institution. Role responsibilities, on the other hand, are more specific, clearly defined statements about the nature and division of the work to be performed. These should specify, or at least imply, the unique contribution to be made by each administrator and his

staff to the overall objectives and purpose of the institution.

Goals, in turn, are generated from all levels of management and may be classified in terms of source as:

a. Givens: generated by an immediate superior;

b. Arising: generated by problems or new activities not previously anticipated;

c. Cooperative: lateral or shared goals resulting in coordinated activies with horizontal level administrators.

Goals precipitate from institutional purpose statements and role responsibilities. Each aspect of a role responsibility therefore may give rise to a number of goals that can be either continual or time limited. Changing conditions will constantly generate new goals--sometimes at a faster rate than previous goals are realized. Priorities must be therefore established, once again through consultation and negotiation with the various referent groups for a role responsibility.

TERMINAL OBJECTIVES. We may define such objectives as desired end-states (or outcomes) which will result in the accomplishment either partially or completely of a single goal. They are negotiated with superiors one level up, subordinates one level down, and all lateral administrators for which they have pertinence. Terminal objectives may be classified as follows:

a. Routine: A continuing and periodic function highly related to the traditional job description. A minimum performance objective.

b. Problem Solving: A performance modification which leads to the correction of either an existing or emerging situation which interferes with the effective and/or efficient operation of the institution.

c. Creative/Innovative: A new and different approach which may lead to improved or expanded results.

d. Personal: An activity directed toward the improvement of professional or managerial skills and the enhancement of career possibilities.

e. Interpersonal: An effort to accommodate differing approaches and perspectives. Communication and interactions with co-workers would be improved.

Routine objectives are, by definition, critical, persistent, and highly related to the traditional job description. Unless there is a major restructuring in an individual's job description, routine objectives are generally continuous from year-to-year. It is generally acknowledged that the specification or development of routine objectives is easier than other types. This is especially true in institutions where job requirements are highly defined and job descriptions are written in clear and specific terminology. While this situation (very specific and clear job descriptions) is common in industry, especially those involved in collective bargaining, it is not true in educational institutions for faculty or academic administrators. Very specific job descriptions are usually only available for non-academic personnel and in the administrative or financial service areas.

Problem-solving objectives can be either of two types. Those relating to a particular problem or situation that has existed over a period

of time or requiring the organization of considerable resources for resolution. These types of objectives can usually be identified in advance. This is not true with the second type of problem-solving objective which is typically identified as an emergency or crisis situation. Every administrator or manager, irrespective of location within an organizational hierarchy, faces a varying amount of uncertainty in his job requirements. These situations by definition are not identifiable in advance and could not be included in the initial MBO development process. They must be included, however, and they provide significant insight as to why objectives must be reviewed and revised periodically, rather than being considered as a static entity.

A third type of objective, i.e., creative or innovative, is like the problem-solving objectives in that it will vary from year-to-year and will probably constitute or represent a minority portion of an individual's functional responsibilities. Some writers indicate that only one or two problem-solving or innovative objectives should be considered each year, but this will vary from individual to individual and "cookbook" percent-distribution figures are neither available nor recommended.

The fourth type of objective, personal growth or professional development, is not viewed consistently in the literature. Some writers, such as Harvey (1972), perceive that professional growth objectives are fairly constant from year-to-year and that changes result from opportunities or new knowledge availability. In contrast, other writers feel that personal

growth or professional development objectives are basically skill-like in nature and should be of short-term duration.

The fifth type of objective, interpersonal objective, is seldom discussed in the literature. It is vital as its purpose is directed at improving institutional harmony which generally leads to less absence, turnover, sabotage and to greater productivity.

The following examples may give some insight to the difference in the five types of objectives:

> Routine objective. . . to coordinate classroom utilization. . .
>
> Problem-solving objective. . . to improve the record keeping system of the counseling staff. . .
>
> Innovative or creative objectives. . . to develop an individualized, multi-media, orientation course for college freshmen. . .
>
> Professional growth objective. . . to become familiar with the Management by Objective system of administration as applied to education. . .
>
> Interpersonal objective. . . to identify continuing areas of conflict among various administrative offices. . .

It has already been noted that the number of goals arising from a role responsibility may require the establishment of priorities. The same may be true for terminal objectives which have been formulated to achieve a particular goal. Objectives assigned to highest priority would be those dictated by the organization's purpose statement; objectives which must be accomplished. A second order priority might be those objectives which

are directed toward improved effectiveness and efficiency where minimal acceptance has already been established. A third level of priority could be objectives which are new or unproven and could be postponed, or even shelved, without injury to acceptable levels of performance.

ENABLING OBJECTIVES. Enabling objectives should specify, in a precise manner, those conditions or situations which must exist in order to accomplish the parent terminal objective. Each enabling objective will deal with a necessary but not, in itself, sufficient condition for terminal objective achievement. Only when all enabling objectives are accomplished will the terminal objective be completely satisfied. Partial progress may, however, be acceptable in view of other priorities, time, and budget constraints. Trade-offs and modifications will be normal since MBO must be recognized as a dynamic process. It is evident, therefore, that a well structured communication system is mandatory. The communication network must provide for both verbal and written interchange between the administrator, his subordinates, superior, and lateral referent groups.

PROCESS OBJECTIVE. Those activities, or procedures which are necessary to achieve the enabling objectives are called process objectives. Once again, each enabling objective may be supported by a number of process objectives or specific action tasks with various assigned priority levels or occurance sequences. Process objectives are very specific and since they form the institution's action plan, must be developed jointly by

administrators and their immediate subordinates.

At this point, administrative function shapes subordinate responsibility. It is the task of the division/department chairman, program head, etc., to insure that process objectives are carried out as planned. Before implementation is begun, however, a reverse procedure centering on the question How? should be utilized to insure that every process objective may be traced unambigously and directly to the purpose statement of the institution and/or the role responsibilities of the top level administrators. Thus, each process objective should relate to its preceding enabling objective in a manner that clearly demonstrates both pertinence and relevance in fulfilling the terminal objective. If the question of how the process objectives aids in achieving the enabling objectives is difficult to explicate, the process objectives is poor and should be revised or eliminated.

Similar tests should be performed on the enabling objectives as related to terminal objectives, and on up the line to the top of the hierarchy. Only in this way, can activities be justified and accountability requirements satisfied at all levels.

WRITING OBJECTIVES

The writing of acceptable objectives is undoubtedly one of the hardest parts of implementing management by objectives. They must be written in a way which makes them effective management tools. Objectives must be simple, concise, realistic, measurable, and logically derived from the purpose and goals of the organization. They should describe the results the administrator expects to achieve and in so describing them, should make the process of achieving results simpler and clearer.

If the administrator places undue importance on the structural characteristics of his objectives he will lose valuable time which could otherwise be used in meeting his objectives. It must be remembered that a meaningful objective need not be defensible to all those who read it. It can generally be assumed that those who read the objective will have a knowledge of the factors identified in the objective so elaborate explanation is unnecessary.

A brief checklist is provided below which should assist the manager in placing his thoughts into written objective form.

GUIDE FOR WRITING OBJECTIVES

1. It should be consistent with the institution's purpose and the individual's role responsibility.
2. It should be realistic and attainable.
3. It should be concise and specific.
4. It should be measurable and verifiable.

5. It should specify realistic cost factors.

6. It should specify a target date for completion.

7. It should specify a single result.

8. It should be understandable by those immediately affected.

9. It states "what" is expected and not "how" it is to be accomplished.

GENERAL EXAMPLE

To (verb) (single result) by (target date) at (cost).

SPECIFIC EXAMPLES

1. To develop enrollment projections by department and curriculum by January 1, 1975 at a cost not to exceed 200 man/hours.

2. To formulate by July 1, 1975, at a cost within the established budget, a plan for systematic, productive use of employee idle time during semester breaks.

3. To reduce by 100 man/hours group effort required in the preparation and maintenance of student files without loss in quality and within the existing budget.

4. To establish and implement by September 1, 1974, a program in automotive mechanics at a cost not to exceed $40,000.

INSTALLATION OF MBO

Although there is great variation in the specifics, there are several continuous themes throughout the literature regarding how MBO should be implemented. At the onset, it should be stated that there does not appear to be any one best method of implementation since the MBO system must be molded to address and reflect the specific and unique needs and difficulties of each individual organization. Therefore, simply as a guide, ten steps for implementation have been developed which reflect general opinions from the literature.

1. The initial step is to obtain support and firm commitment from the President and his top executives. This implies an active attempt at familiarization with MBO and knowledge of how it operates. This also implies a willingness to accept a time requirement for installation of three to five years. Once these conditions are satisfied, i.e., commitment and understanding of the expense and time involved, Step 2 can be initiated.

2. Give key administrators a more applied exposure to MBO via workshops or a trip to an institution where MBO is in operation. The visitation approach has many advantages since it allows the prospective implementor to gain insight into both the positive and negative aspects of MBO. Another reason for the visitation approach is that most workshops are somewhat promotional in nature. These workshops are usually very

brief and provide only a survey of the topic and the implementation process. The optimal procedure may be to attend a general orientation workshop to become familiar with terminology and basic concepts and then make a visit to a comparable institution with an operational MBO system. After returning to one's home campus and digesting the information obtained and beginning to formulate an action plan that recognizes one's own institutional uniqueness, it may be advantageous to schedule a return trip to the same educational institution for the purpose of clarifying questions that have arisen since the first visit and to engage in much deeper, more detailed analysis of the implementation process.

3. Once the key management team members are fairly familiar with the requirements and operation of MBO, they should address the decision as to what process is to be utilized in the application of MBO. This implementation plan should recognize and state in specific terms, the time, personnel and resources required, and should clearly outline the strategy of implementation to be utilized. The development of this plan should be a cooperative effort that must consider the needs and abilities of all subordinates, either via their participation, or the superior's prior knowledge.

4. The President and top executives must review, and redefine if necessary, the organization's mission and purpose statements. This is very important as all administrators and subordinates must have a common and clear idea of the institution's mission in order to assist their development of goals and objectives.

5. Each administrator must identify role responsibilities which are functions of his organizational position.

6. Next is the definition of major goals for each administrator in relationship to his role responsibilities. These goals, when summed, will fulfill overall institutional goals.

7. Derived from the establishment of goals is the determination of means or objectives necessary to meet the goals. Each administrator has his unit identify a set of objectives for each stated goal. The set of objectives would include those objectives discussed previously, i.e., terminal objectives, enabling objectives, and process objectives. The development of these objectives is a negotiated process between superior and subordinate and often includes (lateral) peers. This negotiation allows for establishment of evaluation criteria, inclusion of individual needs, establishment of a unit priority scheme, and a discussion of the most effective and efficient strategies for goal fulfillment.

The negotiation process is vital to the successful installation of MBO and may be approached in different ways by different managers. Some managers may request the subordinate to submit only his ideas for consideration offering little input until the actual negotiation session, while other managers may prepare a written statement of expectations and submit these to the subordinate who then prepares his version of expectations and objectives. Once the subordinate's statement is prepared the negotiations

between superior and subordinate begin. Many other arrangements for negotiations exist of course and simply reflect personal management styles.

Nevertheless, at the conclusion of negotiations, both superior and subordinate have a clear understanding of each other's responsibilities and a common agreement on means and ends. Measures of performance have been agreed upon and the coming year's work is spelled out in objectives which are specific, measurable, time constrainted, and consistent with overall institutional goals.

8. Once administrative units have defined their goals and objectives, top unit management and the President negotiate the administrative unit's objectives. In most cases, Step 8 will not follow Step 7, but will coincide with it. Again, the superior-subordinate-lateral negotiations take place, but at a higher organizational level than described in Step 7.

9. After objectives are approved throughout the organizational structure, and the new year begins, the administrator or manager must check each subordinate's progress as promised milestones are reached. Is he meeting his target dates? Time, quantity, cost and quality must be monitored. Is there a need for renegotiation of any part of the program? Are managers meeting their promised responsibilities?

10. Last in this MBO cycle is a final review of the year's performance with each subordinate which includes setting dates for next year's negotiations.

Setting objectives which are realistic involves consulting past history, being aware of budget restraints, and ascertaining the critical factors related to quality, quantity, and general resource requirements. It also involves establishment of realistic target dates, cost estimates, and performance measures. Additionally, it is often necessary to consider influences external to the institution in objective development. These external influences may be the community, federal and state agencies, central coordinating agencies, etc.

Finally, it must be remembered that MBO is a delicate process requiring sensitivity by all those involved to individual human needs and differences. The superior must not get involved in personality discussions at any meetings nor discussions of salary and performance at the same meeting. The superior must also be careful not to hold individuals accountable for things beyond their direct control.

MAJOR LIMITATIONS OF MANAGEMENT BY OBJECTIVES

Management by Objectives is not a panacea. It is a tough, demanding management system which requires both commitment and competence. In order to realize the maximum benefits, it is critical that there be adequate recognition and understanding of both the common pitfalls of implementation and the structural limitations of MBO.

IMPLEMENTATION CAUTIONS

1. The implementation of a system of management by objectives requires a major commitment of time and effort at the onset and until the system is operational in order to provide for staff development. Effective management skills must be developed and this takes time and training.

2. The system is expensive, both in terms of time and resources. This, however, will always be true of any system that has, as its objective, a restructuring of managerial thinking and practices. MBO will bring modest improvements each year as experience is gained. Real benefits will be seen after three to five years of continuous growth.

3. The writing of performance objectives which meet the criteria of realism, timeliness, and measurability, is not an easy task. The skills necessary are not possessed by all administrators and it must be recognized that some will be unsuccessful. Here again, time, patience, and training are required.

4. Some administrators will reject MBO, either actively or passively, as incompatible with their personal philosophy and values. There must be recognition, identification, and compensation for such individuals during the initial stages of implementation if organizational conflict is to be minimized.

5. Skills needed in evaluation and coaching of subordinates require an ability which must be learned by most managers. Continuous and periodic training should be provided (e.g., In-Service workshops).

6. The system assumes that improved communication and understanding will facilitate superior-subordinate cooperation. Lack of understanding of the effective operation of MBO can lead to a morass of paper work which inhibits the process.

7. The adoption of the MBO system will not have maximum impact or benefits unless the reward system of the institution is tied directly to the goals and objectives of MBO.

8. Inordinate emphasis on immediate or short term results can preclude the consideration and development of future potential.

CONCEPTUAL LIMITATIONS

Rationality Assumption. An implicit assumption in both the concept and structure of MBO is that the organization and the individuals within it operate in a rational manner. However, there is a possibility that this may not always be the case. The low emphasis placed on personal or self objectives, which are different from the development of skills or

capacities to perform an existing job, can contribute to this undesirable situation. The individual's long term career goals, the needs for socialization, etc., may be totally incompatible with the organizational goals but must be recognized and taken into consideration if the subordinate is to be treated as an individual. Superficially, this may sound as an appeal for humanism but it is extremely important if the organization intends to maximize long-term employee satisfaction and reduce turnover, retraining costs, and the probability of subordinate frustration.

Systematic Integration vs. Fragmentation. A possibly significant criticism of MBO is that it tends to reinforce fragmented thinking by department managers which stresses their individual functions without recognizing the inter-relationships with other organizational units and the basic cooperative nature of educational institutions. Colleges are complex structures demanding high cooperation among the various components. The MBO process, with negotiation primarily occurring between immediate superior and subordinate, depends heavily upon the superior in a "linking-pin" role. If the superior has and utilizes an institutional-wide perspective in these negotiations, then functional overlap and cooperative activities will be identified. However, it is possible that these overlaps and cooperative activities will be identified only within each superior's area of responsibility, especially in the difficult initial implementation period.

This tendency toward fragmentation is also characterized by the fact that interpersonal relations objectives are not identified in any of

the literature nor is a consistent hierarchical classification schema ever developed. It is critical that an overall or institutional wide consolidation of objectives from all levels and all functional sectors of the organization be accomplished.

Short-Term Orientation. By definition, the MBO process is structured around an annual performance evaluation system with an emphasis on accomplishments within that time frame. The emphasis on results may lead to the establishment of objectives which cannot easily be carved into annual accomplishment phases.

Once in operation, any system or activity possesses inertia. Short-term objectives will exert an inertia like influence on long-term planning and upon the objectives which are established for the subsequent time frame.

Long-Range Perspective. The adoption of a long-range viewpoint introduces an element of risk that results from a form of organizational inflexibility. Long-range planning must incorporate periodic reviews to assure that effective communication, coordination , and the commitment of resources, basic to MBO exists both in the current time frame and throughout the life-time of the planning period.

PHILOSOPHICAL CONSTRAINTS

Closed System Concept. MBO is conceptually deficient in considering the educational environment as a closed system, incorporating primarily the value systems of embedded personnel. In reality, educational

institutions must be viewed as organizational modules within an open societal system with influences and pressures being exerted or applied by external agencies and individuals (e.g., legislatures and alumni); in turn, the institution exerts influence on the society.

There may be an inherent danger in the MBO negotiation process since it assumes that both the President and the key administrators are cognizant and reflective of the desires of external constituents and will assure that those desires are given consideration. Some overt actions must be taken to assure that these external value systems and desires are introduced into the goal establishment and objective negotiation processes.

Zero-Sum Applications. The basic concepts of MBO emphasize evaluating the individual and his performance against previously accepted objectives or standards. This type of performance appraisal or evaluation system is highly functional when individual success or reward does not come at the expense of another organizational participant. Evaluation systems which require that the sum of rewards and punishments equal zero are known as "zero Sum Performance Appraisal Systems". These are sometimes called Peer-Comparison Ratings by game theorists. Whenever a management system such as MBO has been applied in a Zero-Sum environment, the results have been negative. Thus, because of the purely competitive situation, an administrator may meet or exceed all of his objectives and

find that his relative performance evaluation has not improved, or may have even been declined, because of more superior performance by his contemporaries.

The increasing concern over finances, and concomitant accountability demands, in many institutions is fostering "zero growth" budgets and, by definition, zero-sum evaluation systems. Whenever this occurs, the assumption of rationality, basic to MBO, becomes questionable and both superior and subordinate may be induced to put abnormal emphasis on personal career considerations when negotiating their objectives.

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